

Message Text

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TAGS: PFOR, JA, US, ENRG

SUBJECT: PRESIDENTIAL VISIT BACKGROUND PAPERS XVIII:

NUCLEAR POWER AND URANIUM ENRICHMENT

1. JAPAN RELIES HEAVILY ON THE UNITED STATES AS THE PRINCIPAL SOURCE OF ENRICHED URANIUM FOR JAPAN'S NUCLEAR POWER PROGRAM WHICH WILL PLAY AN INCREASINGLY IMPORTANT ROLE IN REDUCING JAPAN'S OVERWHELMING DEPENDENCE ON PETROLEUM IMPORTS. THE U.S. ABILITY TO CONTINUE ITS SUPPLY ROLE IS NOW SERIOUSLY PREJUDICED BY LIMITATIONS ON U.S. ENRICHMENT CAPACITY AND THE LACK OF FIRM PLANS BY U.S. INDUSTRY OR GOVERNMENT TO BUILD NEW FACILITIES. THIS CIRCUMSTANCE HAS GIVEN RISE TO A MORATORIUM ON FURTHER ENRICHMENT CONTRACTING BY THE U.S. ATOMIC ENERGY COMMISSION, WHICH LEAVES ANY JAPANESE NUCLEAR POWER PLANTS PROGRAMMED FOR CONSTRUCTION, BEYOND THOSE PRESENTLY SCHEDULED, WITHOUT AN ASSURED SOURCE OF FUEL SUPPLY.

2. THE QUESTION OF URANIUM ENRICHMENT WAS DISCUSSED AT THE AUGUST 1973 NIXON-TANAKA SUMMIT MEETING, AND WAS COVERED IN PARAGRAPH 12 OF THE JOINT COMMUNIQUE WHICH CALLED FOR COOPERATION IN THE ACHIEVEMENT OF A JOINT ENRICHMENT VENTURE AND AUTHORIZED JAPANESE COOPERATION WITH A GROUP OF U.S. FIRMS (URANIUM ENRICHMENT ASSOCIATES -UEA) CONSIDERING THE CONSTRUCTION OF A COMMERCIAL PLANT
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IN THE U.S. WHILE NO FINAL DECISION HAS BEEN MADE, THE

UEA PROJECT, IN ITS INITIAL FORM, RECEIVED AN UNFAVORABLE RECEPTION FROM THE U.S. ELECTRIC POWER INDUSTRY, AND TWO OF ITS THREE MEMBER COMPANIES RECENTLY HAVE WITHDRAWN. THE RECENT WITHDRAWAL OF THE GENERAL ELECTRIC COMPANY FROM THE PROPOSED GE-EXXON URANIUM ENRICHMENT PROJECT HAS HAD A FURTHER UNSETTLING EFFECT ON JAPANESE CONFIDENCE IN THE FUTURE OF URANIUM ENRICHMENT IN THE U.S.

3. THE MAINTENANCE OF THE CLOSEST POSSIBLE TIES BETWEEN THE U.S. AND JAPAN IN THE DEVELOPMENT OF CIVILIAN NUCLEAR POWER AND THE PROMOTION OF CONTINUED RELIANCE BY JAPAN ON THE U.S. AS ITS PRINCIPAL SOURCE OF ENRICHED URANIUM PROMOTES A NUMBER OF IMPORTANT U.S. INTERESTS. THE FULLEST POSSIBLE UTILIZATION BY JAPAN OF NUCLEAR POWER IN MEETING ITS ENERGY NEEDS WILL REDUCE JAPANESE COMPETITION FOR FOSSIL FUEL RESOURCES AND INCREASE JAPAN'S ABILITY TO MAINTAIN A FOREIGN POLICY INDEPENDENT OF PRODUCER PRESSURES. IN ADDITION TO THE DIRECT ECONOMIC BENEFITS FROM THE SALE OF ENRICHMENT SERVICES, JAPANESE RELIANCE ON U.S. ENRICHMENT SERVICES STRENGTHENS POLITICAL TIES WHICH, IN ADDITION TO ENABLING JAPAN TO WITHSTAND PRESSURE FROM OIL PRODUCERS, ARE LIKELY TO STRENGTHEN GOJ SUPPORT FOR THE U.S. ON INTERNATIONAL ENERGY ISSUES. IN ADDITION, CONTINUED U.S. ABILITY TO MEET JAPAN'S ENRICHMENT REQUIREMENTS STRENGTHENS JAPAN'S INCENTIVES TO RATIFY THE NON-PROLIFERATION TREATY, AND THUS MAINTAIN THE PEACEFUL ORIENTATION OF ITS ATOMIC ENERGY PROGRAM.

THE JAPANESE POSITION

4. THE LESSONS OF THE 1973 OIL CRISIS HAVE INCREASED JAPANESE DETERMINATION TO DIVERSIFY ITS ENERGY SOURCES, INCLUDING ITS SOURCES OF ENRICHED URANIUM. THUS, JAPAN HAS ALREADY CONTRACTED WITH FRANCE FOR A SIGNIFICANT AMOUNT OF ENRICHED URANIUM BEGINNING AROUND 1980, AND IS CONSIDERING A SOVIET OFFER OF ENRICHING SERVICES. IN ADDITION, A SERIOUS EFFORT IS UNDERWAY TO PRODUCE ENRICHED URANIUM IN JAPAN BY THE CENTRIFUGE PROCESS, UTILIZING JAPANESE TECHNOLOGY, BY 1985.

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5. NONETHELESS, JAPANESE BUSINESS LEADERS, IN PARTICULAR, PREFER TO RELY PRINCIPALLY ON THE U.S. AS A SOURCE OF ENRICHED URANIUM, THEY ARE PREPARED, UNDER APPROPRIATE CONDITIONS, TO INVEST IN EITHER A NEW PRIVATE OR GOVERNMENTAL U.S. ENRICHMENT PLANT TO ENSURE ACCESS TO A PORTION OF ITS PRODUCTION. THE RECOGNITION OF JAPAN'S NEED FOR OUTSIDE ASSISTANCE, ESPECIALLY ENRICHMENT SERVICES FROM THE U.S., HAS ALSO

BEEN AN IMPORTANT FACTOR IN MAKING JAPANESE INDUSTRY
STRONG ADVOCATES OF NPT RATIFICATION.

THE U.S. POSITION

6. SOME DEGREE OF DIVERSIFICATION OF JAPAN'S SOURCES
OF URANIUM ENRICHMENT IS INEVITABLE AND, PERHAPS,
DESIRABLE. HOWEVER, U.S. INTERESTS WILL BE SERVED BY
CONTINUATION AND STRENGTHENING OF THE U.S. ROLE AS
JAPAN'S PRINCIPAL SUPPLIER OF ENRICHED URANIUM.
U.S. INDECISION OR MAJOR DELAY ON THE CONSTRUCTION OF
NEW ENRICHMENT CAPACITY WILL CREATE STRONG PRESSURES FOR
JAPAN TO MAKE OTHER ARRANGEMENTS AND THUS WORK AGAINST
IMPORT U.S. POLICY INTERESTS.

RECOMMENDED US POSITION

7. THE PRESIDENT'S MEETING WITH PRIME MINISTER TANAKA COULD
AFFORD AN OPPORTUNITY TO REASSURE JAPAN AT THE HIGHEST
LEVEL OF OUR DETERMINATION AND ABILITY TO CONTINUE
TO STAND AS JAPAN'S PRIMARY PARTNER IN THE DEVELOPMENT
OF ITS NUCLEAR POWER CAPABILITIES. IDEALLY, SUCH REASSURANCES
SHOULD COVER THE FOLLOWING POINTS: THE UNITED STATES
INTENDS TO MEET ALL CONTRACTUAL COMMITMENTS FOR
URANIUM ENRICHMENT, INCLUDING THOSE INVOLVED IN RECENTLY
CONCLUDED CONTRACTS; THE USG CONTINUES TO SUPPORT THE
ESTABLISHMENT OF A JOINT U.S.-JAPAN ENRICHMENT VENTURE;
THE U.S. IS DETERMINED TO MEET ALL ENRICHED URANIUM
REQUESTS, BOTH U.S.AND FOREIGN, THROUGH THE CONSTRUCTION
OF NECESSARY NEW CAPACITY, WHETHER BY INDUSTRY OR GOVERN-
MENT; AND THE U.S. IS PREPARED TO COOPERATE WITH OTHER
COUNTRIES THROUGH SHARING ITS GAS CENTRIGUGE TECHNOLOGY
UNDER APPROPRIATE MULTILATERAL ARRANGEMENTS.
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